

LICENSE AGREEMENT
BETWEEN
MONTGOMERY COUNTY, MARYLAND
AND
BRIGHT EYES, INC.

DATE: 11/23/04

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LICENSE AGREEMENT

THIS LICENSE AGREEMENT (hereinafter referred to as "License"), made this day of 11/23, 2004, by and between MONTGOMERY COUNTY, MARYLAND, a body corporate and politic (the "County") and BRIGHT EYES, INC. (the "Licensee"). (County and Provider together being the "PARTIES").

WITNESSETH:

WHEREAS, the County has a leasehold interest for the sole purpose of operating a child care program in the property known as 12260 McDonald Chapel Drive, Gaithersburg, Maryland; and

WHEREAS, the County government solicited requests for proposals from organizations interested in providing child care in 12260 McDonald Chapel Drive, Gaithersburg, Maryland; and

WHEREAS, a Tenant Selection Committee reviewed applications and choose Bright Eyes, Inc. to provide a child care program appropriate to the needs of the community; and

WHEREAS, the purpose of the Policy on Use of County Buildings for Child Care is:

- To establish consistent and reasonable rental rates for child care in public buildings licensed from Montgomery County Government;
- To establish responsibilities of the County and the Licensee;
- To establish priority placement for children of County Government employees.

NOW, THEREFORE, in consideration of the covenants contained, in this License, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the Parties, the Parties mutually agree as follows:

1. PREMISES: County does hereby grant Licensee the privilege, license and right to use approximately 4,095 licensable square feet in the premises known as 12260 McDonald Drive, Gaithersburg, Maryland 20876, the "Licensed Premises" as outlined in red on **EXHIBIT A**, for the exclusive purpose of providing the child care services described in the Provider's Child Care Proposal attached as **Exhibit B** and incorporated as if fully set forth, ("the "Provider's Child Care Proposal")

2. TERM: The term hereby created shall be for two (2) years, commencing on June 1, 2004 and expiring May 31, 2006. It is agreed between the Parties that this License may be terminated at any time during the License term or any extension of the Licensed term by the County giving, thirty (30) days written notice of the termination, unless the Licensee is removed as Child Care Provider as allowed under the terms and conditions of this Agreement. In the event the License is terminated for any reason the County is under no obligation to provide alternative space for Licensee and is not responsible for any moving costs or any expenses incurred

3. RENEWAL OPTION: Licensee may at its option renew this License for one (1) additional and consecutive two (2) year term, provided Licensee has not been in default under the terms hereof during the initial License term, and that Licensee shall have given County written notice of its intention to do so one hundred twenty (120) days prior to the expiration date of this License. In the event that this option is exercised, then all terms and conditions of this License shall apply for such renewal period.

4. LICENSE FEE:

(A). Beginning with the License commencement date, Licensee shall pay to the County as a license fee \$6.85 per licensable square foot per month, TWENTY-EIGHT THOUSAND, FIFTY and 72/100 DOLLARS (\$28,050.72) annually, TWO THOUSAND, THREE HUNDRED, THIRTY-SEVEN and 56/100 DOLLARS (\$2,337.56) monthly. All payments are to be made in advance on

the first day of each month, and shall be payable to Montgomery County Government, Leasing Management, P. O. Box 62077, Baltimore, Maryland 21264-2077.

- (B) Commencing with July 1, 2004 and the 1st of July thereafter during the License term, and any renewal period, the County will establish the license fee rate to be paid by Licensee for the next year, by determining the average per square foot operating cost for all Child Care facilities operated and maintained by the County Government. For purposes of this License operating costs shall include, but not be limited to, the following:

1. Utilities
2. Janitorial
3. Maintenance (major and minor)
4. Pest Control
5. Snow Removal
6. Grounds Maintenance
7. Fire Extinguishers
8. Trash Removal, recycling
9. Renovations as required to meet State licensing regulations
10. Security in the form of locking the facility.

- (C) In addition to the License Fee payable under Paragraph 4 (B), commencing with the second year and every year thereafter of the License term and any renewal period, Licensee shall pay to County the cost of debt service incurred by County as a result of improvements and renovations to Child Care Facilities operated and maintained by the County government as additional Licensee Fees. The cost of debt service shall be determined annually by (1) adding all CIP costs for all County-owned and County-maintained Child Care Facilities; (2) multiplying the total cost by the average effective annual repayment rate for twenty year bonds; and (3)

dividing that result by the total square footage allocated to Child Care.

- (D) Pursuant to the Procedure for Implementing the Revised Policy for Waivers of Capital Cost Fee, attached hereto and made a part hereof, as **Exhibit C**, a waiver on the repayment of debt service, as stated hereinabove in Paragraph 4(c) shall be granted by County to Licensee provided that thirty (30%) percent or more of families served by Licensee are eligible for or enrolled in State or County Child Care.
- (E) Should Licensee fail to submit monthly License Fee payment in the above described manner, and should said failure continue for more than ten (10) calendar days after the first day of the month for which such License Fee payment is due and payable, Licensee shall pay to County, in addition to and as a part of the license fee payment is question, a late penalty of five percent (5%) of said monthly Licensee Fee payment. Should Licensee's failure to pay continue for more than twenty (20) calendar days after a monthly payment becomes due and payable Licensee shall pay to the County, in addition to and as a part of the License Fee payment in question, a late penalty of fifteen percent (15%) of said monthly License Fee payment. Should Licensee's failure to pay continue for more than thirty (30) calendar days after a monthly payment becomes due and payable, the County shall have the right to terminate this Agreement, recover possession of the premises and pursue any other legal remedies available to the County under the laws of the State of Maryland.

5. USE OF THE PREMISES:

- (A) The premises shall be used only for the provision of child day care services and those activities related to these services.

- (B) Licensee understands and agrees to rules and regulations concerning the operation of the Child Care Center, which may, from time to time, be issued by the Montgomery County Government.
- (C) Licensee agrees to provide child care services as set forth in the written proposal and presentation to the Tenant Selection Committee.

6. USE OF OUTDOOR PLAYGROUND AREAS: Licensee shall have access to the outdoor playground areas adjacent to the premises when used by Licensee in connection with its program and during its normal hours of operation. Repair, maintenance and replacement of playground equipment will be the responsibility of the party that provided it as shown on the attached **Exhibit D**.

7. ENROLLMENT: Licensee acknowledges and agrees that the Licensee will limit its enrollment to at least sixty (60) to a maximum of eighty (80) children.

8. PRIORITY PLACEMENT: Licensee understands and agrees that children of Montgomery County Government employees.

9. SPECIAL CONDITIONS: In addition to establishing priority placement for children of Montgomery County Government employees, the Licensee agrees to:

- (A) Comply with the Americans with Disabilities Act and all Federal, State and County laws regarding providing access and services to disabled children;
- (B) Share enrollment data with the Montgomery County Government;
- (C) Accept children whose parents participate in State/County subsidy programs;
- (D) Maintain licensing reports for inspection and evaluation for parental review.
- (E) Maintain compliance with all licensing requirements including State Child Care licensing requirements.
- (F) The program will obtain and maintain accreditation by the National Association for the Education of Young Children (NAEYC) or by another nationally recognized accreditation system.

10. CAPITAL IMPROVEMENTS AND ALTERATIONS: Licensee shall not undertake any alterations, changes, improvements, or additions to the premises without the prior written consent of the County. In order to secure County's approval of any alterations, changes, improvements, or additions, Licensee shall submit to County plans and specifications clearly setting forth the work to be performed. County shall respond in writing within 45 days from receipt of plans and specifications which are to comply with all applicable codes and regulations. County shall inspect the premises upon completion of the work to determine adherence to submitted plans and specifications. In the event that the completed work is not reasonably satisfactory to the County, Licensee shall undertake any necessary corrections, at Licensee's risk and expense. Once the consent of the County has been obtained, Licensee shall be responsible for the acquisition of any and all necessary permits and for the observation of all building and zoning ordinances and regulations then in effect.

Failure to adhere to any applicable ordinances or regulations shall be deemed to be a violation of this agreement. The cost of any such alterations or improvements shall be borne solely by Licensee.

11. SERVICES:

- (A) Licensee, at its risk and expense, shall be responsible for the provision of telephone services to the Licensed Premises, as deemed necessary by Licensee.
- (B) The County shall be responsible for the provision to the Licensed Premises of regular janitorial services on County workdays as specified in 4 (B) herein, refuse removal, recycling, and pest control. Any janitorial services beyond regular County services will be the responsibility of the Licensee.
- (C) The County shall provide fire extinguishers as the law requires.
- (D) The County shall be responsible for the payment of utilities necessary for the operation of the building of which the Licensed Premises are a part.

- (E) The County shall be responsible for maintenance of the grounds immediately adjacent to the building, of which the Licensed Premises are a part.
- (F) The County shall be responsible for snow and ice removal or treatment of walkways and the parking areas, as it becomes necessary.
- (G) The County shall be responsible for all renovations required to meet State licensing regulations.
- (H) The County shall be responsible for major structural repairs, and maintenance and repair of the building's mechanical systems.
- (I) The County and Licensee agree that the County's maintenance responsibilities, as outlined in items (B), (C), (D), (E), (F), and (G) and (H) hereinabove will be performed by the County, at the County's expense.

12. FIXTURES AND EQUIPMENT: All items which are attached to the building, or are a part of the building's systems at the time the building is delivered to Licensee, shall remain with the building and shall be delivered to Licensee along with the building. Plumbing, electrical and heating fixtures and all other fixtures, except trade fixtures, installed by the Licensee shall remain in the Licensed Premises at end of term. All items installed within the Licensed Premises at Licensee's expense shall remain the property of Licensee and shall be removed by Licensee at the expiration or other termination of this License. Licensee shall, however, repair any damage caused by reason of said removal. Any personal property remaining within the Licensed Premises after termination of the License shall become property of the County. The County shall dispose of any such property in the manner it deems appropriate.

13. LIABILITY, PROPERTY DAMAGE AND FIRE INSURANCE:

A. Licensee agrees to obtain and maintain, during the full term of this License, a policy of liability insurance with minimum combined bodily injury and property damage in the amount of ONE MILLION AND NO/100 DOLLARS (\$1,000,000.00) for each occurrence, and ONE MILLION AND NO/100 DOLLARS (\$1, 000,000.00) in the aggregate, issued by an insurance company licensed in the State of Maryland and acceptable to the County, which policy must include the following coverage:

1. Contractual Liability
2. Premises and Operations
3. Independent Contractors
4. Products and Completed Operations during and for two years following completion of the work.
5. Daycare Operations

B. Licensee agrees to obtain and maintain, during the term of this License, a policy of Workers' Compensation and Employers' Liability coverage. The Workers' Compensation policy must be in amounts as required by statute and the Employers' Liability Policy must be in amounts of ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000) for each accident for bodily injury by accident, FIVE HUNDRED THOUSAND (\$500,000) DOLLARS for policy limits for bodily injury by disease and ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000) each employee for bodily injury by disease.

C. Licensee must obtain and maintain a minimum limit of liability of one million dollars (\$1,000,000), combined single limit, for bodily injury and property damage coverage per occurrence including the following:

1. Owned Automobiles
2. Hired Automobiles
3. Non-owned Automobiles

D. Licensee must maintain adequate fire, theft and vandalism insurance for the contents on the Licensed Premises.

E. The County must maintain the County's normal fire and liability insurance on the Licensed Premises. The County reserves the right to self-insure.

F. Licensee shall, within the earlier of thirty (30) days from execution of this License or Licensee's entry onto the Licensed Premises, deliver to the County the required policies or certificates of insurance, evidencing the coverage hereinabove stated and naming the County as an additional insured and/or loss payee. The policies shall provide 45 days notice of cancellation to the County. Licensee has the obligation, without notice, to assure that the County always has a valid unexpired Certificate of Insurance.

G. The certificate holder shall be Montgomery County Government, Department of Public Works and Transportation, Office of Real Estate, 101 Monroe Street, 10th Floor, Rockville, Maryland 20850.

14. HOLD HARMLESS: Licensee agrees to hold harmless and defend the County from and against any and all claims of liability, actions, damages and expenses arising out of or related to Licensee's breach of this agreement or use or possession of the Licensed Premises occasioned wholly or in part by any act or omission of Licensee, its agents, contractors, guests or employees, except such claims arising solely from the negligent acts or omissions of the County, the County's employees, agents and contractors. Licensee further specifically agrees to hold the County harmless and defend the County from and against any claim of public liability made in connection with any construction or installation of equipment performed by Licensee, its agents, employees or contractors, within the Licensed Premises, notwithstanding that any such construction or equipment may or may not be deemed to be a part of the Licensed Premises hereinabove described, or such construction or installation of equipment shall have been approved by the County.

15. RESPONSIBILITIES OF LICENSEE: Licensee covenants and agrees as follows:

A. Licensee shall not keep gasoline or other flammable material or any explosive within the Licensed Premises which will increase the rate of fire insurance on the Licensed Premises beyond the ordinary risk established for the type of operations described in Paragraph 5, above. Any such increase in the insurance rate due to the above, or due to Licensee's operations within the Licensed Premises, shall be borne by Licensee. Licensee shall not willfully do any act or thing in or about the Licensed Premises which may make void or voidable any insurance on the Licensed Premises, and Licensee agrees to conform to all rules and regulations established from time to time by the Licensor, the Maryland Insurance Rating Bureau, or any other authority having jurisdiction over such matters.

B. Licensee shall not use or allow the Licensed Premises or any part thereof to be used for any illegal, unlawful or improper purpose or for any act or thing that may be a nuisance, annoyance, inconvenience, or cause damage to the Licensed Premises, adjacent properties or the adjacent neighborhood.

C. Licensee shall not place upon the Licensed Premises any placard, sign, lettering or awning except such, and in such place and manner as shall have been first approved in writing by Licensor.

D. Licensee acknowledges that all responsibilities of Licensee relating to the use or misuse of the Licensed Premises and anything therein shall be construed to include use or misuse thereof by Licensee's agents, employees, patrons and residents.

E. Licensee shall not have pets in or about the Licensed Premises. This provision does not limit Licensee or Licensee's clients' rights to have bona fide service animals on the Licensed Premises. Licensee is solely responsible for the proper care of service animals in the Licensed Premises and in keeping the Licensed

Premises clean and free of debris and waste associated with the care and feeding of service animals.

F. Licensee shall comply with all reasonable rules and regulations with regard to the use of the Licensed Premises that may be from time to time promulgated by the County, and any violation of said rules and regulations shall be deemed to constitute a violation of this License. It is understood that such rules and regulations shall not unreasonably interfere with or prevent the intended uses of the demised premises as set forth in this License.

G. Licensee acknowledges that all glass is in good condition at time of occupancy and Licensee will be responsible for the breakage of all glass in the Licensed Premises, and agrees to replace the same without delay unless breakage is due to the acts or omissions of the Licensor.

H. Licensee further acknowledges that all appliances and equipment are in working order and that repair or replacement of all appliances, such as washer, dryer, stoves and microwave oven, regardless of ownership, shall be the responsibility of Licensee and must comply with State licensing requirements.

I. Licensee must maintain in good condition, and promptly and diligently repair any damage to (or replace if reasonably necessary in the circumstances), any trade fixtures.

J. Licensee must require all entrance doors and windows in the Licensed Premises shall be closed and locked when said Licensed Premises are not in use. Further, Licensee, before closing and leaving the premises at any time, must close all windows and doors and secure the Licensed Premises. No additional locks or bolts of any kind shall be placed upon any of the entrance or interior doors or windows by Licensee nor shall any changes be made in existing locks or the mechanisms thereof without prior written approval of the County and in the event of an approved change, shall provide the County with keys to the facility. Licensee shall, upon the termination of its license, restore to the County all keys of the building, offices, and bathrooms, either

furnished to, or otherwise procured by, the Licensee, and in the event of the loss of any keys so furnished the Licensee shall pay to the County the cost thereof.

K. Licensee must establish and post in the Licensed Facility an appropriate fire evacuation plan and hold fire drills as required. All occupants of the Licensed Premises shall be trained regarding the safe and proper operation of all appliances and equipment in the Licensed Premises.

L. Licensee must be responsible for on site management of the Licensed Premises and must keep posted the Licensee's responsibilities and obligations as specified in Sections 11 and 15 of this License Agreement. Licensee must keep a copy of this License Agreement at the Licensed Premises and ensure the Licensee's on site representative is adhering to the terms and conditions herein.

M. Licensee shall adopt a strict "clean as you go" policy relative to food preparation, storage and serving. All food shall be stored in containers with lids and all cooking utensils and appliances shall be cleaned after each use. Tenant shall also be responsible for cleaning of Licensee's throw rugs.

16. DESTRUCTION OF PREMISES:

A. In the event of damage to or destruction of the Licensed Premises or any part thereof by fire, storm, flood or other casualty which does not require Licensee to suspend entirely its business, the County shall, as soon as practicable after said damage or destruction, repair and restore the Licensed Premises to the condition they were in immediately prior to said damage or destruction. Should such damage or destruction of said premises or any substantial part thereof render the Licensed Premises wholly unavailable for use by the County for the Permitted Uses, the County shall promptly begin and diligently pursue the repairing, restoration and rebuilding of the Licensed Premises as nearly as possible to the condition they were in immediately prior to such damage or destruction or with such changes or alterations as County may determine appropriate. In the alternative, the County may terminate this License within

thirty (30) days following the date of the destruction of the Licensed Premises as described above by sending of the termination notice to the Licensee.

B. In the event of damage to or destruction of fifty percent (50%) or more of the building of which the Licensed Premises are a part, County may elect not to restore the said building and this License shall automatically terminate and the Parties shall be discharged from all responsibilities thereafter arising under this License.

17. DEFAULT: Licensee shall be considered in default of this License and the County may terminate this License upon the occurrence of any of the following:

- i. Failure to perform under any term, covenant or condition of this License.
- ii. The commencement of any action or proceeding for the dissolution or liquidation of Licensee, or for the appointment of a receiver or trustee of Licensee's property.
- iii. The making of any assignment for the benefit of Licensee's creditors.
- iv. The abandonment of the Licensed Premises by Licensee.
- v. Any other default or breach of the terms and conditions this License or the Service Contract.

18. EMINENT DOMAIN: Licensee is not entitled to any condemnation award to the County as owner of the Licensed Premises. In the event that the Licensed Premises shall be taken by any governmental or quasi-governmental authority pursuant to its power of eminent domain or sold under threat thereof, Licensee shall not be entitled to recover from Montgomery County any capital expenditures for improvements and betterments made by Licensee to the Licensed Premises at the Licensee's expense.

19. ACCESS: Licensee shall allow the County and the County's employees or agents to have access to the Licensed Premises at all reasonable times for the purpose of inspection, or in the event of fire or other property damage, or for the purpose of performing any work required to be performed by the County, or which the County considers necessary or desirable, or for any other purpose pursuant to the reasonable protection of the Licensed Premises.

20. SURRENDER OF POSSESSION: Licensee covenants and agrees that, at the expiration or other termination of this License and/or the Service Agreement the Licensee must remove all goods and effects from the Licensed Premises not the property of the County, and to yield up to the County the Licensed Premises and all keys, locks and other fixtures connected to the Licensed Premises, in good repair, order and condition in all respects, reasonable wear and use thereof and damage by fire or other casualty and damage from any risk with respect to which Licensee is not herein expressly made liable excepted. Licensee shall pay for all damages to the Licensed Premises, its fixtures, and appurtenances, as well as all damages sustained by Licensee or occupants of the Licensed Premises due to any waste, misuse, or neglect of said Premises, its fixtures, and appurtenances, by said Licensee, its employees, or any other person or persons upon the premises by Licensee's permission.

21. NOTICE OF ACCIDENTS, DEFECTS OR DAMAGES: Licensee shall give to Licensors prompt verbal notice of accidents in or damages to the Licensed Premises, and, within twenty-four (24) hours, Licensee shall follow-up with a detailed written report of such accidents or damages.

22. COMPLIANCE WITH LAWS: It is understood, agreed and covenanted by and between the Parties that Licensee, at Licensee's expense, shall promptly comply with, observe and perform all of the requirements of all of the codes, statutes, ordinances, rules, orders and regulations now in effect or hereinafter promulgated whether required by the Federal Government, State of Maryland, Montgomery County Government and the municipality in which Licensed Premises are located, Montgomery County Department of Environmental Protection or Montgomery County Fire Marshal's Office.

23. BENEFIT AND BURDEN: The provisions of this License are personal to the Parties.

24. WAIVER: No waiver of any breach of any covenant, condition or agreement herein contained shall operate as a waiver of the covenant, condition or agreement itself or of any subsequent breach thereof.

25. NON-DISCRIMINATION: Licensee agrees to comply with the non-discrimination in employment policies in County contracts as required by Section 11B-33 and Section 27-19 of the Montgomery County Code 1994, as amended, as well as all other applicable state and federal laws and regulations regarding employment discrimination. The Licensee assures the County that in accordance with applicable law; it does not, and agrees that it will not discriminate in any manner on the basis of race, color, religious creed, ancestry, national origin, age, sex, marital status, disability, sexual orientation, or genetic status.

26. PUBLIC EMPLOYMENT: Licensee understands that unless authorized under Sections 11B-52 and Chapter 19A of the Montgomery County Code 1994, as amended, it is unlawful for any person transacting business with Montgomery County, Maryland, to employ a public employee for employment contemporaneous with his or her public employment.

27. MAILING NOTICES: All notices required or desired to be given hereunder by either party to the other shall be given by certified or registered mail and shall be deemed to be effective when received or refused by the addressee. Notices to the respective parties shall be addressed as follows:

Licensee:
Bright Eyes, Inc.
25114 Vista Ridge Road
Gaithersburg, Maryland 20882

Licensor:
MONTGOMERY COUNTY,
MARYLAND
Department of Public Works and
Transportation
Office of Real Estate
101 Monroe Street
10th Floor

Rockville, Maryland 20850

With a copy that does not
constitute notice to:
Montgomery County Government
Office of the County Attorney
101 Monroe Street, 2nd Floor
Rockville, Maryland 20850

28. RESIDENT AGENT: The Resident Agent for the Licensee is Paul Holzberger and its address for receipt of notices and service of process is 25114 Vista Ridge Road, Gaithersburg, Maryland 20882. Licensee must immediately notify Licensor of any change in resident agent or address as provided herein.

29 PROHIBITION OF HAZARDOUS SUBSTANCES: The Licensee agrees not to store or bring hazardous substances onto the Licensed Premises. The Licensee indemnifies the County against any and all claims of any personal injuries or personal and real property damage as a result of any hazardous substance being brought on the premises by the Licensee, its agents, contractors, employees or guests.

30. NON-APPROPRIATION: This License shall terminate automatically on July 1 of any year for which the County, for whatever reason does not appropriate funds to pay the County's obligations provided in this License or in the Service Contract. The Licensee shall not make or be entitled to any claim for reimbursement of any kind, whether for improvements or prepaid items.

31. AMERICAN DISABILITIES ACT REQUIREMENTS: The County and Licensee agree that any future modifications made to the Licensed Premises shall be made in conformance with the requirements of the Americans with Disabilities Act, the Federal Fair Housing Act, and all safety and accessibility requested in Federal, State and County Laws and regulations. Licensee must obtain all required permits to making any modifications to the Licensed Premises and must comply with all applicable building and safety codes.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the Parties hereto have caused this License to be properly executed.

WITNESS:

By: Rebecca S Demaruk

LICENSOR:
MONTGOMERY COUNTY,
MARYLAND

By: Joseph F. Beach
Joseph F. Beach, Assistant
Chief Administrative Officer

Date: 11/23/04

WITNESS:

By: Paul E. Hoffberger

LICENSEE:
BRIGHT EYES, INC.

By: Diana K. Hoffberger

Title: President

Date: 11/5/04

APPROVED AS TO FORM & LEGALITY
OFFICE OF THE COUNTY ATTORNEY

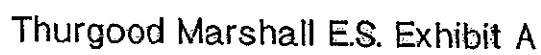
By: Sileen D. Baseman

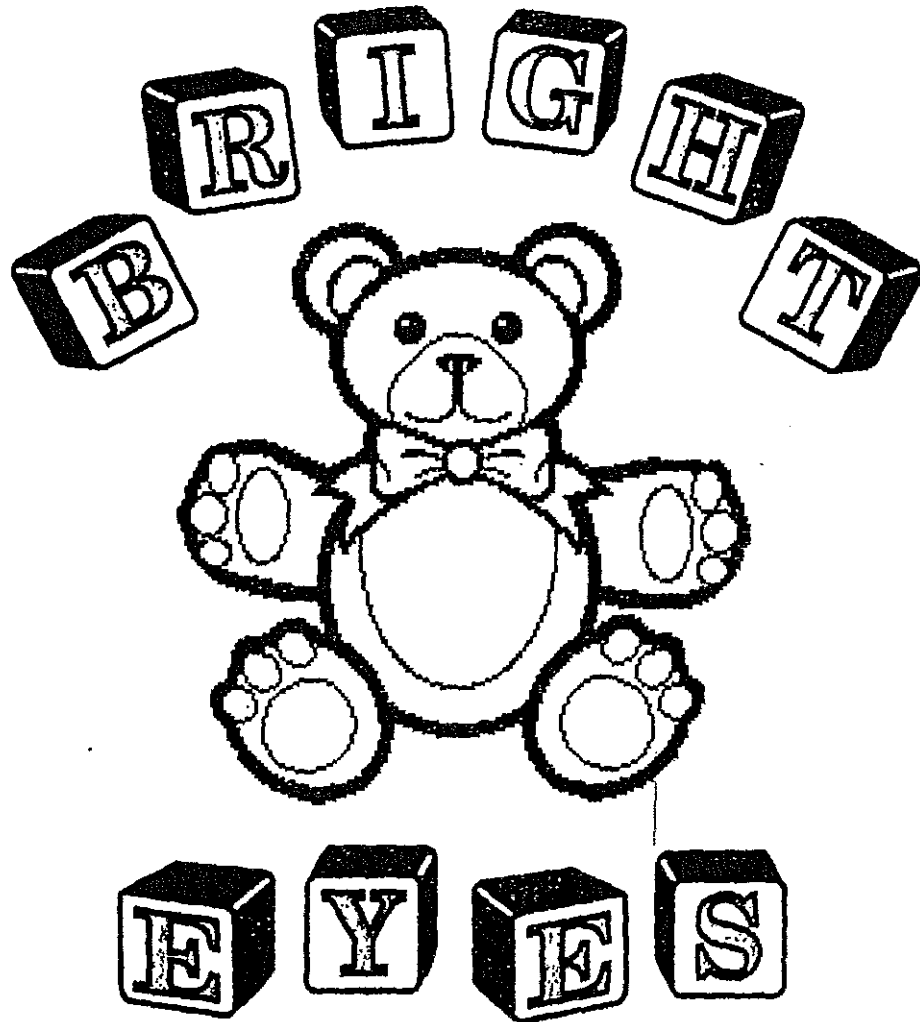
RECOMMENDED

By: Michael C. L. Brennan
for Cynthia L. Brenneman, Director
Office of Real Estate

Date: 4/28/2004

Date: 4/23/'04





CHILD CARE CENTERS

PROPOSAL PREPARED FOR
THURGOOD MARSHALL CHILD CARE SITE

Applicant: Bright Eyes, Inc.
25114 Vista Ridge Rd
Gaithersburg, Md. 20882

Phone Numbers: 301-428-3603
301-482-2641
301-946-2776 (Silver Spring center)
301-948-8373 (Gaithersburg center)
301-482-0658 (Damascus center)
301-984-5672 (Timberlawn Crescent center)

Fax Number: 301-482-2641
Contact Person: Diana or Paul Holzberger

Bright Eyes, Inc. is solely owned and operated by Diana and Paul Holzberger and has been operating since December 1990. We opened Bright Eyes in Thurgood Marshall Elementary School in September 1993. It is accredited by the National Association for the Education of Young Children. At that time we were operating one other center at Viers Mill Elementary School. Prior to that time, our home was licensed as a family day care home serving Viers Mill Elementary School students for seven years.

In addition to our child care experience we have three sons and have been involved with them in many different sport clubs, Scouts and other clubs and activities that they have pursued. Our children attended Viers Mill Elementary School and while they were there we were very active members of the PTA, Diana served on the Executive Committee for three years along with numerous other committees, and we were also both volunteers in the school.

We both love working with children and their families and look for this trait in the staff we hire.

We are members of the National Association for the Education of Young Children, have served on the Montgomery County Board of Education Bell Times study group representing child care centers in Montgomery County, and Diana is currently the Co-Chair of the Executive Committee of the Organization of Child Care Directors.

CURRENT PROGRAMS

Name:	Bright Eyes Child Care Center
Location:	Viers Mill Elementary School 11711 Joseph Mill Rd. Silver Spring, Md. 20906
Hours of Operation:	7:00 AM - 6:30 PM, Monday - Friday
Ages and Number of Children Served:	Infants - 6 2 year olds 10 3 and 4 year olds 20 Kindergarten 18 1 st - 5 th Grade 34
Director:	Renee Miller
Building Manager:	Jamie Virga, Principal 301-929-2165
Name:	Bright Eyes Child Care Center
Location:	Thurgood Marshall Elementary School 12260 McDonald Chapel Dr. Gaithersburg, Md. 20878
Hours of Operation:	7:00 AM - 6:30 PM, Monday - Friday
Ages and Number of Children Served:	2 year olds 3 3 and 4 year olds 23 Kindergarten 27 1 st - 5 th Grade 51
Director:	Mary Ponton
Building Manager:	Mary Wilson, Principal 301-670-8282
Name:	Bright Eyes Child Care
Location:	9625 Main St. Damascus, Md. 20872
Hours of Operation:	6:30 AM - 6:30 PM, Monday - Friday
Ages and Number of Children Served:	Infants - 6 2 year olds 15 3 and 4 year olds 26 Kindergarten 11 1 st - 5 th Grade 16
Director:	Karen Kerber
Building Manager:	Chester Howard 301-664-3597
Name:	Bright Eyes Child Care
Location:	5707 Luxemburg St. N. Bethesda, Md. 20853
Hours of Operation:	7:00AM - 6:30 PM, Monday - Friday
Ages and Number of Children Served:	Infants/Toddlers 6 2, 3, and 4 year olds 23 5 year olds 2
Director:	Diana Holzberger
Building Manager:	Jerry Matthews, HOC 301-929-5648

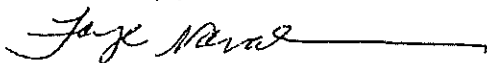
Montgomery County
Dept. of Child Development

To whom it may concern:

I would like to inform you that my daughter, Leada Taghipour, has been attending Bright Eyes Day Care Center for the past two years. She started there with almost no knowledge of English. I have noticed a remarkable improvement in her language skills as well as other skills. Staffs at Bright Eyes are very sincere and caring, and my daughter is very happy with them. Overall Bright Eyes is a wonderful place for my child and I have been recommending it to a lot of friends.

If you need any additional information, please call me at (301)-948-2750, Ext. 211.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Faye Navab", followed by a horizontal line.

Faye Navab

To: Montgomery County Public Schools
Re: Bright Eyes, Inc (Thurgood Marshall E.S.)

I hereby recommend that Bright Eyes, Inc. be permitted to remain in their current space at Thurgood Marshall Elementary School. This organization is extremely beneficial to the students and parents alike. They are a very professional group of people who provide parents with a very important service. Quite frankly, I cannot imagine not having Bright Eyes at Thurgood Marshall. If you would like to contact me (at) regarding this matter, please call me at (202) 857-8930 during business hours. Thank you.

Sincerely,

Fane J. Gordon

To Whom It May Concern:

Subject: Brite Eyes Day Care Center

For the past three years the staff and management of Brite Eyes Day Care Center has continuously served my family with exceptional quality childcare. I believe the planned curriculum for the preschool age children assisted my daughter in making the transition from preschool into kindergarten. Once in kindergarten the centers' supplement program-furthered familiarity with new concepts that my daughter was learning therefore increasing her confidence in her ability to understand and master these concepts. My daughter is a first grader now and is doing exceedingly well in all areas of learning. Brite Eyes has not just assisted my family in the academia realm but also in giving my daughter a safe, comfortable and happy environment where she can thrive with other children her age as well as be taught, loved and disciplined by the many incredible staff members she is exposed to. I am in great appreciation for the professional yet personable relationship I have built with Brite Eyes Daycare Center and would highly recommend them to any family seeking childcare.

Sincerely,

A handwritten signature in cursive script that reads "Alexis Swink".

Alexis Swink

PHILOSOPHY

To provide a loving, stimulating environment where children are free to learn and grow while in the care of gentle, warm care givers. To provide a program in which they can grow physically, emotionally, socially, and cognitively at their own pace. To provide a developmentally appropriate curriculum that takes into consideration the changing interests of the children. To help children celebrate and share their culture. To respect all children and to help them to respect themselves and others.

OBJECTIVES

- *To provide a quality child care center, accredited by NAEYC, sensitive to the needs of the whole family and the community.
- *To encourage parent involvement in our program.
- *To provide programs and activities that are stimulating and varied.
- *To encourage children to develop self-control and learn peaceful conflict resolution skills.
- *To work with the family as a team to provide the best possible care for their child.
- *To provide a place for children to have time for homework, arts and crafts, games, sports and hobbies.

We believe that in the nine years that we have been providing care at Thurgood Marshall ES we have grown greatly by responding to comments and questions we have received from the parents. In 1993 when we first opened, we offered only combined before and after school care and full day pre-school care. In addition, the children were required to come all summer to hold their space for the fall. Over the years we have changed the parameters of our program to fit what the community wanted. There are now separate programs for before and after school, before school only, after school only, and parents have the flexibility of picking any weeks they need during the summer. In addition our pre-school program has expanded to include a half-day program and to include two year olds.. There was a huge demand in the neighborhood for homework time assistance. So with the permission of the staff of Thurgood Marshall Elementary School we began to rent the media center after school, Monday through Thursday, in order to provide better quality homework time.

We see Bright Eyes growth as a continuous project. Currently, we have an extensive waiting list for fall 2003 enrollment, we have talked with the school principal and received permission to rent the all-purpose room before and after school next year so that we will be able to further meet the needs of the community. We will continue to seek ways to improve and grow by asking for parent input and suggestions.

AGES AND NUMBERS OF CHILDREN

Bright Eyes at Thurgood Marshall would continue to serve the following numbers of children:

2 year old's	10
3 and 4 year old	20
Kindergarten thru 5th grade	90
Total	<hr/> 120

The full day pre-school program would continue to use classroom 29, while the half day pre-school program would use classroom 27 from 9:00 AM - 1:00 PM. The school age children would be split between classrooms 27, 25 and the All-Purpose Room. The morning Kindergarten complement program would meet in room 25 and the afternoon group would meet in room 27.

Although our rooms currently operate with a waiting list, we feel that our current enrollment offers as many options as possible in the space that is available to us. We are pleased to give priority enrollment to the staff of Thurgood Marshall Elementary School.

OPERATION OF THE PROGRAM

Bright Eyes will operate Monday thru Friday, year round, from 7:00 AM - 6:30 PM. We will be open on all half days and during all school breaks.

We will close in observance of the following holidays:

New Year's Eve	Memorial Day
New Year's Day	Independence Day
Martin Luther King's B'day	Labor Day
President's Day	Thanksgiving and Friday
Good Friday	Christmas Eve
Easter Monday	Christmas Day

Bright Eyes follows the policy of the Montgomery County Board of Education Administrative Offices in the event of closings due to inclement weather. If the Administrative offices close or open late, we close or open late. If the Montgomery County Public Schools open late or close due to inclement weather (but the Administrative offices are open) we will open one hour late at 8:00. This will allow for the safe arrival of our staff and children.

SPECIAL POPULATIONS

Bright Eyes has a strong commitment in trying to meet the needs of families that desire part-time care. Many of our current programs include options for parents to choose whether their child will attend full time or part time. We have some children who attend as little as one day a week. Parents are free to choose for their child to come any combination of days as long as those days stay consistent each week. We offer occasional care, when space is available, and when we are able to meet licensing regulations. We offer before school only care, after school only care, before and after school care, full day Kindergarten wrap around, Kindergarten complement in both the AM and PM , full day pre-school and half day pre-school.

We have always accepted children on Working Parents Assistance Program subsidies and subsidies available through the Purchase of Care Program and the FEEA subsidy program. We work very closely with our parents to help them obtain any financial assistance that is available to them. We also have offered subsidies to parents and special payment plans when needed and when we are legally able to do so. Each parent knows that all they have to do is talk to us and we will work with them regarding payments.

In addition, Bright Eyes has always strived to serve children and families with special needs. We currently have several children who have asthma, development delays, speech delays, severe allergies, ADD, and ADHD. In the past we have served children with hearing impairments,, vision impairments, children enrolled in the PEP program at Thurgood Marshall Elementary School, and a child with Cerebral Palsy. In addition we are currently serving one child with diabetes at our Thurgood Marshall site and have previously served children with epilepsy. Our goal is to have all children and families feel loved, accepted and safe at Bright Eyes.

SPECIAL PROGRAM FEATURES

Bright Eyes offers priority enrollment to families in the Thurgood Marshall Mill ES school district and to the staff of Thurgood Marshall ES. We feel that we work very well with the Administration and staff at TMES to provide continuity in the days of our children. We are able to walk our young children to and from their classroom and have conversations with their teachers. We are able to share information with them about a child's morning. Teachers are able to ask our assistance if a child needs additional homework time or if they need to make sure a parent gets a message. Bright Eyes has shared our outdoor play yard with the PEP program at TMES.

We have invited staff from Thurgood Marshall to attend coffee and donuts at Bright Eyes and to attend shows the children present from time to time. We feel that our relationship with the school should always be a positive factor in our children's days. In return the school has invited our children to several Cultural Arts Programs the school has presented. Our children participate in the schools Halloween parade and are always made to feel welcome in the school.

Bright Eyes has a strong commitment to community service. In the past we have conducted canned food drives, collected Toys for Tots, conducted Trike-A-Thons for St. Jude's hospital, done the Bunny Hop for the Juvenile Diabetes Foundation and made quilts for the Binky Patrol for babies with HIV. We have donated some financial assistance to the school so that they may use it to help families in the school community in need of assistance.

We have added computers to our classrooms so that even our young children will be familiar with this growing resource. We have recently added a gymnastics class for our small children. We take the children on field trips, so that our children can explore the community. Our school age children, in addition to other field trips, go swimming twice a week during the summer at the local swimming pool. There are no extra fees for these activities. These are all done at the expense of Bright Eyes.

We encourage parents to be involved in our program, we feel that this will have the greatest impact of all for the children and community. With the help of the parents and families we can all work together to make sure that the children are getting quality care and quality programming.

Bright Eyes offers a 5% discount to families with two children enrolled in our program and a 10% discount to families with three or more children enrolled.

TIME LINE

Bright Eyes is currently in full operation at Thurgood Marshall Elementary School. Therefore, we would not have to make any changes to continue our operations other than to renew our license in June 2002..

FEE SCHEDULE

	September 2002
	Monthly/Weekly/daily
Two year old full day	\$702.00/162.00/36.00
Two year old half day	\$382.00/88.00/21.00
Pre-school (3 or 4 years)full day	\$633.00/146.00/33.00
Pre-school (3 or 4 years)half day	\$312.00/72.00/18.00
Kindergarten	\$516.00/119.00/27.00
Kindergarten Complement	\$-----/67.00/17.00
School-Age (before and after)	\$425.00/98.00/23.00
After School only	\$-----/72.00/18.00
Before school only	\$-----/42.00/10.00
Summer Care 1 - 5 weeks	\$-----/151.00/34.00
6 - 9 weeks	\$-----/141.00/31.00
Registration fee	\$30
Late pick up fee	\$5 every 10 minutes or portion thereof/per child
Late payment fee	\$5 per day
Returned check fee	\$25 per check
Deposit	One weeks fee

All rates are per child.

Discounts- Families with 2 children receive 5% discount off the total fee; families with three or more children receive 10% discount off the total fee..

There are no other fees or charges to parents. Most activities, events, or field trips are paid for by Bright Eyes.

ATTACHMENT A

START UP BUDGET

There will be no start up budget for Bright Eyes as we are already in place and ready to continue operating.

OPERATING BUDGET

Income - Parent Fees

Pre-School Fees	\$103447.00
Kindergarten Fees	\$ 87026.00
School Age Fees	<u>\$220029.00</u>
	\$410502.00

Interest and Other Income	<u>\$ 200.00</u>
Total	\$410702.00

Expenses

Accounting	\$ 1000.00
Advertising	\$ 500.00
Christmas Bonus	\$ 2000.00
Depreciation	\$ 2000.00
Education Benefit	\$ 2000.00
Field Trips	\$ 1000.00
Food	\$ 4500.00
Health Insurance	\$ 15120.00
Insurance	\$ 3000.00
Payroll	\$ 291200.00
Postage	\$ 200.00
Rent	\$ 29000.00
Repairs	\$ 500.00
Retirement Plan	\$ 8000.00
Supplies	\$ 12000.00
Taxes	\$ 25000.00
Phone	\$ 1000.00
Workshops & Classes	\$ 2000.00
All other expenses	<u>\$ 5000.00</u>
Total	\$ 405020.00

PROPOSED PERSONNEL

Bright Eyes at Thurgood Marshall Mill will be staffed with 1 Director, 1 Assistant Director, 2 Senior Staff, 3-4 Group Leaders, and about 8 aides. We will maintain staff child ratios of at least, 1/10 in the preschool room, 1/12 in the school age rooms. In addition Pete and Diana Holzberger are very involved in the centers as owners and will be there on a regular basis to oversee the operation of the program.

Bright Eyes also employs an Education Director to visit the site monthly and a Recreation Director who provides activities for the children several times a week.

Director responsibilities:

Maintain licensing regulations within the center at all times.

Maintain NAEYC standards.

Be available to parents, staff and children.

Meet with all prospective parents.

Process paperwork for new admissions.

Prepare parent communications, including newsletter.

Hire new staff.

Prepare weekly staff schedules.

Oversee preparation of weekly snack menu.

Responsible for orientation and training of new staff.

Do observations of staff in classroom.

Meet regularly with staff to discuss program.

Prepare staff memos.

Prepare staff evaluations.

Attend necessary training and workshops.

Plan and make arrangements for workshops for staff.

Make arrangements for substitutes.

Receive all child care payments, bill for missing payments and miscellaneous fees.

Keep records of late payments, sickness and attendance.

Process WPA, DSS, and HOC paperwork.

Observe children.

Maintain personnel and children's files.

Communicate needs of center to Executive Directors.

Oversee petty cash expenditures.

Arrange community outreach projects.

Maintain open communication with the staff and Administration of Thurgood Marshall ES.

STAFF BENEFITS AND SALARY RANGES

Director	\$36,400+
Assistant Director	\$29,900+
Senior Staff	\$8.50 - \$10.55/ hour
Group Leader	\$8.50 - \$10.00/hour
Aides	\$6.50 - \$8.00/hour

The Directors is eligible for three bonuses per year, based on performance, and the Assistant Director is eligible for three bonuses per year. All bonuses are based on performance and the revenue of the center. The Director is eligible for 1% of the revenue, and the Assistant Director is eligible for ½%.

All full time employees are eligible for the following benefits:

- *Paid vacation leave - one week after every six months (after 7 years with the company receive one week every four months).
- *Paid sick leave - accrued at the rate of four hours per month.
- *Paid holidays
- *Workers Compensation
- *Unemployment Insurance
- *Social Security
- *Health Insurance - Bright Eyes will pay 60% of monthly fee, currently Kaiser Permanente.
- *Child Care - Up to \$141 per week free child care, within licensing regulations, as space permits.
- *Pension Plan - Totally company funded, for all full time employees, over the age of 20, after one year continuous service.
- *Christmas Bonus - \$100 for every year of service.
- *Dental Insurance - Bright Eyes will pay 70% of monthly fee (Optimum Choice).

All part time employees are eligible for the following benefits:

- *Paid vacation leave - equivalent of average number of hours worked per week, after every six months.
- *Paid sick leave - .25 times average number of hours per month, accrued every month
- *Paid holidays - after 6 months continuous service
- *Workers Compensation
- *Social Security
- *Unemployment Insurance
- *Pension Plan - Company funded, for all part time employees, over the age of 20, who average 20 or more hours per week, after one year continuous service.
- *Christmas Bonus - \$100 for every year of service.

Education Plan - Available to all full time employees and all Senior Staff and Group Leaders. Bright Eyes will pay for up to 12 semester hours per year, books and tuition. Must be for courses in Early Childhood Education or toward completion of the Child Development Credential.

STAFF ORIENTATION AND TRAINING

Bright Eyes provides an orientation meeting for all new hires that is mandatory, and required by licensing. During this meeting we go over licensing regulations, our philosophy, discipline policy, guidelines for reporting abuse and neglect, staff handbook and attendance policies.

Staff members are offered many opportunities to attend training both on site and at other locations, at Bright Eyes expense. We have brought in trainers from MCCA, Connect for Success, Montgomery College, and First Aid and CPR trainers. All staff are required to participate in 6 hours of training per year, although we definitely advocate more. Staff are free to choose which workshops to attend, but we do give them guidance based on our observations of their performance.

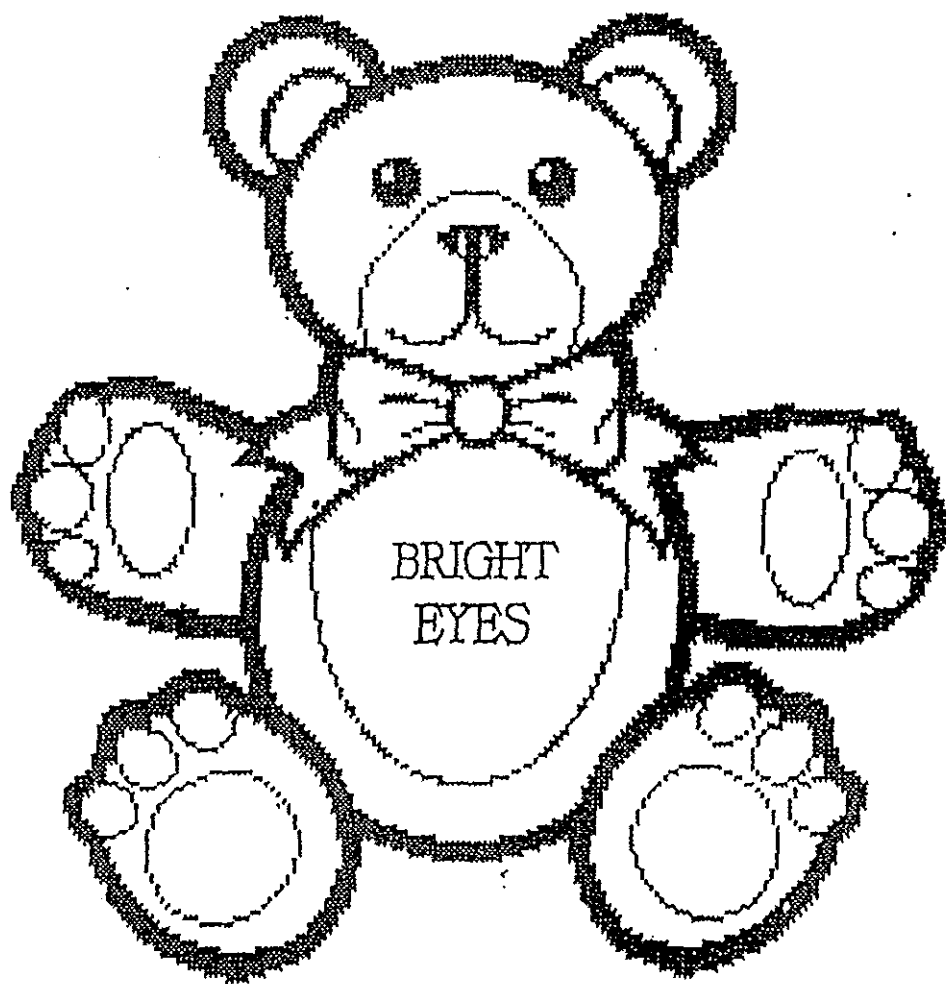
Staff are offered opportunities to evaluate their own performance, as well as be evaluated by the Director and owners.

Bright Eyes will maintain a library of reading materials based on curriculum and child development that is always available to the staff.

In addition to the training workshops Bright Eyes strongly encourages all staff members to pursue a degree in Early Childhood Education and provides financial assistance as a benefit.

Bright Eyes is also encouraging all staff to apply for the Child Care Credential which gives them bonuses based on their education and experience and provides tuition assistance for training.

ATTACHMENT B



STAFF HANDBOOK

PHILOSOPHY

The philosophy of Bright Eyes Child Care Center is to:

- *Provide a loving, stimulating environment where children are free to grow while in the care of gentle, warm caregivers:
- *To provide children with a program in which they can grow physically, emotionally, socially, and cognitively at their own pace:
- *Provide children with a developmentally appropriate curriculum:
- *To help children celebrate and share their culture:
- *Respect all children and help them to respect themselves and others.

Our objectives are to:

- *Provide a quality child care center, sensitive to the needs of the whole family:
- *Encourage parent involvement in our program:
- *Provide programs and activities that are stimulating and varied:
- *Encourage children to develop self-control and learn peaceful conflict resolution skills:
- *To work with the family as a team to provide the best possible care for the child.

ATTENDANCE

You are expected to report for work as scheduled. If an illness or family emergency will prevent you from reporting to work or will cause you to be late, you are expected to contact the Director as soon as possible. Whenever possible, this should be done no later than two hours before your scheduled arrival time so that provisions for a substitute can be made. We are committed to maintain proper staff/child ratios and ask for your consideration when you will be absent or late. A Tardy and Absentee guideline will be given to you on your first day of work.

We reserve the right to request documentation from a physician for sick leave.

SICK LEAVE

Sick leave will start accruing after the first full month of employment. Sick leave will be accrued at the rate of 1/2 day leave per month for full-time employees, 4 hours maximum. Part-time employees will accrue leave at the rate of .25 times average number of hours worked per week, accrued every month.

Leave will be calculated for you each month and you will receive notification of how much leave you have. You may accrue as much sick leave as you like, but, any unused sick leave upon termination of employment is forfeited.

VACATIONS

Leave must be requested at least two weeks in advance. All vacation leave must be approved by center owners. Leave will be approved based on seniority, which follows these guidelines:

1. Level of employment
2. Full time over part time
3. Length of service
4. If all other things are equal, first come first serve.

Please do not make reservations or buy tickets until your leave has been approved. The center does not have to approve time off if you do not have leave accrued to cover it.

If you do take approved time off without leave, your annual raise evaluation will be moved back accordingly and you will not accrue sick leave or vacation during that time.

JURY DUTY

Employees will be granted paid leave (jury salary will be deducted) for jury duty, up to 5 days. Documentation will be requested.

DEATH OF AN IMMEDIATE FAMILY MEMBER

Leave will be granted for the death of an immediate family member (spouse, child, parent, parent-in-law, sister, or brother). Full time employees will receive up to three days. Part time employees will receive paid leave up to three days, based on your work schedule.

HOLIDAYS

Bright Eyes will be closed on the following holidays:

New Year's Eve	Memorial Day
New Year's Day	Independence Day
Martin Luther Kings B'Day	Labor Day
Presidents Day	Thanksgiving & Friday
Good Friday	Christmas Eve
Easter Monday	Christmas Day

Full time employees will receive holiday pay from date of employment. Part-time employees will receive holiday pay after six months, based on your work schedule.

EQUAL OPPORTUNITY

Bright Eyes does not discriminate in regard to race, sex, nationality and/or ethnic origin, or sexual preference.

PROBATION

All new employees will be on a 30 day probationary period and may be terminated at any time during that period. At the end of 30 days, the employee will either be hired or will have their probationary period extended for 30 more days. This decision will be based on evaluations made by Director and owners during this period.

EVALUATIONS AND SALARY INCREASES

All employees will receive written evaluations, designed to increase effectiveness and give guidance. These evaluations will be used as a tool in determining salary increases. Every employee will receive an annual salary increase based on merit.

TRAINING

You will be offered many opportunities for continued training, both within the center and the community. Staff is required to take advantage of these opportunities. All staff must complete 12 hours of training per year. CPR and First Aid training is also required. Bright Eyes will pay for these trainings however staff is required to donate the time towards this professional development.

GROUND FOR DISMISSAL

Immediate grounds for dismissal:

1. Physical force with a child.
2. Drug or alcohol use on the job.
3. Reporting for work intoxicated or under the influence.
4. Insubordination.
5. Any illegal activity.
6. Not showing up for work, with no call.
7. Time card fraud.

Dismissal after warning:

1. Failure to comply with licensing regulations.
2. Consistent failure to carry out assigned duties.
3. Consistent failure to perform within the bounds of the program philosophy.
4. Excessive tardiness.
5. Excessive absences.

DISCIPLINE

All staff members will be given a copy of the Bright Eyes discipline policy and asked to sign it on their first day of work.

TELEPHONE CALLS

Local, outgoing calls may be made during staff breaks and lunch. No long distance calls may be made without prior permission from the Director (you will be responsible for the expense.)

Incoming calls will be limited to emergencies when you are in the classroom. Phone messages will be relayed to you.

Remember the phone is a business phone, all calls need to be short and you must pick up call waiting should you be on the phone.

SMOKING

Smoking is prohibited on the center premises. Staff are encouraged to be positive role models for the children.

DRESS CODE

Casual dress is recommended to allow for active involvement with the children. Clothing should be clean and in good repair. Clothing that could be considered suggestive is forbidden, as are shirts that display alcohol, cigarettes, weapons, or inappropriate language. Shoes should be worn at all times.

COMPLETING YOUR TIME CARD

You should complete your time card each day when you report for work and when you leave. You should not sign in early or work late unless you are requested to do so by the Director, Assistant Director, or one of the owners. If you report for work after your scheduled start time you should sign in at the time that you arrive, not at the time that you were scheduled.

You should sign out on your time card for any lunch breaks and any personal time (e.g. Dr. appointment etc...) that you take.

It is your responsibility to make sure your time card is complete, legible and signed at the end of the week. If it is not, your pay check may not be complete.

COMMUNICATIONS PATH AND GRIEVANCE PROCEDURES

Bright Eyes encourages each employee to communicate with the center Director on any matter that is of concern. If an individual needs information or advice or wishes to express a suggestions, criticism, or grievance (s)he is encouraged to speak the Director.

The center's policy is to provide information or advice and to respond to the suggestion or criticism as soon as possible. In the case of a grievance the Director will communicate to the employee what steps will be taken to resolve the issue. The intent of this policy is to encourage direct and open communication that resolves difficulties and utilizes employee's ideas when feasible.

1. When an employee seeks information or advice or wants to state a grievance or criticism, (s)he should first contact the Director.

2. The Director should respond or follow up on the issue within a 24 hour period. If appropriate action cannot be completed with that time period, the employee should be told, if possible, what steps are being taken and when and how the issue will be resolved.

3. If the issue is not satisfactorily resolved, the employee may then raise the issue with the center owners. The owners will investigate the issue and arrive at a solution. The Director and the employee would both be consulted. The owner's decision would be binding to all parties involved.

CHANGES IN PERSONNEL DATA

We need to maintain up-to-date information about you so we are able to aid you and/or your family in matters of personal emergency.

Changes in name, address, telephone number, marital status, number of dependents or changes in next of kin should be given to the Director promptly.

CARE OF EQUIPMENT

You are expected to use proper care when using Bright Eyes's property and equipment. We ask especially that you ensure that children's games, toys and puzzles that have many pieces and parts be returned carefully to their storage containers. Also, please ensure that computers are used appropriately and the software (CD's) are stored properly.

No property may be removed from Bright Eyes without asking the Director. If you lose, break, or damage any property, report it to the Director at once.

IF YOU MUST LEAVE US

Should you decide to leave your employment with us, we ask that you provide the Director with at least two weeks written notice. Your thoughtfulness will be appreciated and will be noted favorably should you ever wish to reapply at Bright Eyes.

Employees who wish to be re-hired after a break in service must go through routine employment procedures, such as an interview and filling out an application. Employees who are re-hired after a break in service, other than an approved leave of absence, must serve a new probationary period. Such employees are now considered new employees from the effective date of their re-employment for all purposes, including the purpose of measuring benefits.

Before the employee will receive their final paycheck they will need to return any Bright Eyes property, keys and have turned in their written notice.

Please notify Bright Eyes if you address changes during the calendar year in which termination occurs so that your tax information can be sent to the proper address.

STAFF BENEFITS

Full time staff benefits:

- Paid vacation leave - one week after every six months, after 7 years with the company receive one week every four months.
- Paid sick leave - accrued at the rate of four hours per month.
- Paid holidays
- Workers Compensation
- Unemployment Insurance
- Social Security
- Health Insurance - Bright Eyes will pay 60% of monthly fee towards a health insurance policy. Our current provider is Kaiser.
- Child Care - Up to \$141 per week free child care, within licensing regulations, as space permits.
- Pension Plan - Totally funded, for all full time employees, over the age of 20, after one year continuous service.
- Christmas bonus - \$100 for every full year of service.
- Dental Insurance - Bright Eyes will pay 70% of monthly fee. (Optimum Choice)

Part time staff benefits:

- Paid vacation leave - equivalent of average number of hours worked per week, after every six months- after 7 years accrued every 4 months..
 - Paid sick leave - .25 times average number of hours per month, accrued every month
 - Paid holidays - after six months continuous service
 - Workers Compensation
 - Social Security
 - Unemployment Insurance
 - Pension Plan - Totally company funded, for all part time employees, over the age of 20, who average 20 or more hours per week, after one year continuous service.
 - Christmas Bonus - \$100 for every full year of service.
- Education Plan - Available to all full time employees and all Senior Staff and Group Leaders. Bright Eyes will pay for up to 12 semester hours per year, books and tuition. Must be for courses in Early Childhood Education or toward completion of the Child Development Credential.

PROFESSIONAL CODE AND ETHICS

- *We will strive to always continue our education.
- *We will strive to always be professional in our conduct.
- *We will always provide children with a safe, healthy, nurturing environment.
- *We will develop relationships of mutual trust with the families we serve.

- *We will always provide children with a safe, healthy, nurturing environment.
- *We will develop relationships of mutual trust with the families we serve.
- *We will keep any information we learn about families or children confidential.
- *We will love and protect all children.

IMPORTANT INFORMATION

- *Check your mailbox daily for correspondence.
- *Paychecks will be issued on Thursday for the preceding week.
- *No food (except snacks being served), gum or sodas (unless placed in a coffee mug) will be allowed in the classroom.
- *Use your lunch hour to eat your lunch. Do not take your break and then come back and eat in the classroom when you are to be interacting with the children.
- *Be familiar with the snow policy. If Montgomery County Public Schools open late or close we will open one hour late. If the Administrative offices close or open late we will follow their schedule. Call the center when in doubt.

WHENEVER YOU HAVE QUESTIONS LET US KNOW!!

I have read the foregoing staff handbook and I am familiar with its terms. I understand that it is not a binding contract, but a set of guidelines for the implementation of personnel policies. I understand that Bright Eyes may modify any of the provisions of this handbook at any time. I also understand that, notwithstanding any of the provisions of this handbook I am employed on an at-will basis. My employment may be terminated at any time, either by me or by Bright Eyes, with or without cause.

DATED _____

SIGNED _____

ATTACHMENT C

SAMPLE FLYER

The flyer attached is one of the methods that we use to advertise our program.

ATTACHMENT C

COMMUNITY OUTREACH

Bright Eyes will continue to look for new ways to reach out to the community at Thurgood Marshall Elementary School. In the past we have conducted canned food drives, collected Toys For Tots, conducted Trike- A -Thons for St. Judes hospital, done the Bunny Hop for the Juvenile Diabetes Association, had several summer carnivals, donated finances to TMES and subsidies to families in need. Our children have taken field trips in the community. Our children also participated in the Binky Patrol where they decorated quilt squares for blankets to be presented to babies with HIV. Each year our staff participates in the Walk for Diabetes.

We feel very privileged to be a part of the Thurgood Marshall ES community and are always looking for new ways to show our commitment to the families in the community. This year we will be celebrating our third Stand for Children celebration in June. We are in the planning stages of an event that will include our Bright Eyes families and the community. In the past we have had a cook out, with games, face painting, moon bounce, a fire truck to climb through and lots of literature for families on services available for the county. Although the details for this years celebration have not been worked out we are very excited about the prospects of this exciting event.

REGISTRATION AND ADMISSION

Bright Eyes has always, and will continue, to give priority admission to children of the TMES staff and to children at Thurgood Marshall Elementary School. After that, children are awarded space based on first come, first serve. We are now currently enrolling children from a waiting list.

There is no cost and no obligation to be on the waiting list. When spaces open up, we go to the waiting list and start making phone calls. When called, families have the option of placing their children in our program at that time, removing their names from the waiting list, or going to the bottom of the list.

We have operated with a waiting list for several years and have had no problems; most families are placed with in a few months of being placed on the waiting list. It does sometimes take longer for children to be placed in our two year old group because of licensing limitations.

There is a \$30 registration fee that is charged to families upon registration. If more than one child registers, at the same time, the fee is \$30 per family.

PARENT ACCESS, COMMUNICATION, AND ROLES

Bright Eyes believes that the center staff and parents need to work together as a team to provide quality care for the children. Parents are welcome and encouraged to visit Bright Eyes at any time. No appointments are necessary. Parents are also encouraged to participate at Bright Eyes as often as possible. They can be classroom volunteers to read a story, sing songs, rub a back at nap time, dance, assist with an art project, share a hobby or tradition with the children, participate in our Week of the Young Child activities, or lead a game. They can chaperone on field trips, attend class parties, donate a snack, do a cooking project with the kids, or help decorate the rooms. They can attend conferences. They can attend family dinners or have coffee and donuts with us. They can attend First Aid and CPR classes with our staff. They can give us their suggestions and ideas. They can complete annual evaluation forms.

Parents are a valuable asset and an important part of our program. They are always welcome!!

Bright Eyes will send home memos and monthly newsletters to keep the parents informed. Most importantly, Bright Eyes staff will be available to chat with parents daily. Bright Eyes encourages parents to share their feelings, concerns, and suggestions about their child's care. Parent conferences are held yearly but are available whenever necessary. Parents are encouraged to call or drop us a note or E-mail whenever the need arises.

PARENT EVALUATION FORM

A sample parent evaluation form is reprinted below. In addition to this form we also use the NAEYC parent questionnaire. These forms are provided to parents annually. We sometimes use contests to entice parents to return the forms. Feedback is very important to us.

EVALUATION FORM



Our center's staff recognizes the importance of home-center relationships and communications in promoting the development of your child. So that we can continue to provide quality care for your child, please take the time to complete this questionnaire and provide us with feedback concerning our relationship with you and your child. Your opinions and concerns are important to us.

We greatly value the information that your answers to these questions provide. We would also appreciate any additional comments, concerns, or suggestions you might have. Please use the back of this form for that purpose. Thank you.

1. My child has been enrolled at Bright Eyes for _____
2. I have opportunities to chat with my child's caregivers
☐ daily ☐ weekly ☐ monthly
3. Feedback on my child is usually delivered to me
☐ personally ☐ in writing ☐ by telephone
4. When having to discuss my child with center staff, I feel
☐ comfortable ☐ uncomfortable
5. I feel that the program and themes at Bright Eyes
☐ meet my child's needs ☐ do not meet my child's needs
6. My child's caregivers can best be described as

7. The forms of discipline that are used are
☐ satisfactory ☐ unsatisfactory
8. I have had opportunities to participate in the program
☐ once ☐ often ☐ never ☐ I do not have time to participate
10. My favorite thing about the program is

11. If I could change one thing about the program, it would be

ATTACHMENT D

CHILD CARE CONTRACT

Child's Name: _____

Days/Hours Care Required: _____

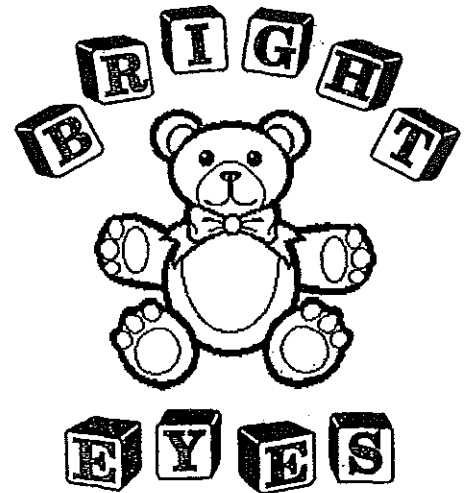


1. I agree to pay Bright Eyes a \$ 30 registration fee at the time of enrollment.
2. I agree to pay a 1-week deposit (that will be credited to my last week of care, with proper notice), in addition to my first month's fee, the first day of care. (The deposit is based on the weekly rate of the program you are enrolled in.)
3. I agree to pay on the first day of the month that my child attends the sum of _____. A late payment fee of \$5 per day will be added for each day that payment is not received. If payment is not made within a week, my child's enrollment will be terminated and I will not be refunded my deposit. I also agree that I will pay (without protest) any collection fees and/or legal fees incurred in the collection of amounts due under this contract.
4. If payment is received from any subsidy program, I am responsible for the difference between payment received and the center's rates.
5. I agree to give 2 weeks' written notice upon termination of the day care contract or I forfeit my deposit.
6. I understand that the fee is a set rate and I will not receive any refund or discount for absences, vacations, holidays, or snow days.
7. I understand that if my child is picked up late, I will be charged \$5 for every 10 minutes or fraction of that time, per child. Two late pickups within a 30-day period is grounds for termination.
8. I understand that there is a \$~~15~~ fee on all checks returned by the bank. After two returned checks, I may be required to make future payments in cash or by money order.
9. I understand that Bright Eyes will be closed on the holidays listed in the parent handbook.
10. I understand that outdoor play is part of the curriculum and will be included daily. All children will be expected to participate.
11. I have read the snow policy in the Parent Handbook and understand it.
12. I have been given a copy of the Parent Handbook. I agree to abide by all the policies outlined and agree to pay all fees as have been described. I have also read the conditions of this contract. I understand and accept each condition.

Parent Signature _____

Expiration Date _____

CHILD CARE CONTRACT



Child's Name: _____

Days/Hours Care Required: _____

1. I agree to pay Bright Eyes a \$ 30 registration fee at the time of enrollment.
2. I agree to pay a 1-week deposit (that will be credited to my last week of care, with proper notice), in addition to my first week's fee, the first day of care.
3. I agree to pay on Monday (or the first day of the week that my child attends) of each week the sum of \$ _____. A late payment fee of \$5 per day will be added for each day that payment is not received. If payment is not made by Friday, my child's enrollment may be terminated and I will not be refunded my deposit. I also agree that I will pay (without protest) any collection fees and/or legal fees incurred in the collection of amounts due under this contract.
4. I agree to give 2 weeks' written notice upon termination of the child care contract or I forfeit my deposit.
5. I understand that the fee is a set rate and I will not receive any refund or discount for absences, vacations, holidays, or snow days.
6. I understand that if my child is picked up late, I will be charged \$5 for every 10 minutes or fraction of that time, per child. Two late pickups within a 30-day period may result in termination.
7. I understand that there is a \$ 25 fee on all checks returned by the bank. After two returned checks, I may be required to make future payments in cash or by money order.
8. I understand that Bright Eyes will be closed on the following holidays:

New Year's Eve	Independence Day
New Year's Day	Labor Day
Martin Luther King's Birthday	Thanksgiving
Presidents' Day	Friday after Thanksgiving
Good Friday	Christmas Eve
Easter Monday	Christmas Day
Memorial Day	
9. I understand that outdoor play is part of the curriculum and will be included daily. All children will be expected to participate.
10. I have read the snow policy in the Parent Handbook and understand it.
11. I have been given a copy of the Parent Handbook. I agree to abide by all the policies outlined and agree to pay all fees as have been described. I have also read the conditions of this contract. I understand and accept each condition.

Parent Signature _____

Expiration Date _____

ATTACHMENT E

PARENT HANDBOOK

The Parent Handbook attached is the one presently in use.

ATTACHMENT E

DAILY SCHEDULES

Pre-school room

7:00-9:00 Arrivals

9:00 - 9:10 Wash hands, get ready for snack

9:10 -9:30 Snack

9:30 - 9:40 Circle time; stories, finger plays

9:40 - 10:20 Activity centers, games, and changing diapers

10:20 - 10:50 Art and creative expression

10:50 - 11:10 Music, creative movement

11:10 - 11:40 Outside play

11:40 - 12:00 Come in, wash up, story before lunch

12:00 - 12:30 Lunch

12:30 - 12:40 Diaper changes, bathroom time

12:50- 1:00 Story time, settle down

1:00 - 3:15 Naps or quiet time

3:15 - 3:30 Put away cots, change diapers, and wash hands for snack

3:30 - 3:45 Snack

3:45 - 3:55 Circle Time; stories, finger plays, songs

3:55 - 4:30 Outside

4:30 - 5:30 Activity Centers

5:30 - 6:00 Table toys

6:00 - 6:30 Departures

The ½ day pre-school program follows the same schedule up until 1:00 when the children enrolled in the ½ day program leave for the day.

School - Age Daily Schedules

7:00 - 9:00 Arrivals and center play (outside time for those who wish to participate in early outdoor play.

8:50 Patrols leave for their posts and children purchasing breakfast leave.

9:00 Leave for school

3:30 - 3:45 Arrive back from school

3:45 - 4:30 Outside time, sports, games and free play

4:30 Snack

4:30 - 5:15 Homework time

5:15 - 6:00 Group games and activity centers

6:00 - 6:30 Departures, puzzles, table and card games

Kindergarten Complement

9:00 - 9:15 Snack

9:15 - 9:30 Circle time and discuss days activities

9:30 - 11:00 Activity and learning centers

11:00 - 11:45 Outside

11:45 - 12:00 Clean up, wash hands, children that were in AM Kindergarten at Thurgood Marshall return.

12:00 - 12:30 Lunch

12:30 - 12:50 Books, games, get ready to go the PM Kindergarten

12:50 PM Kindergarten leave and the children that were in AM Kindergarten get ready for circle time.

1:00- 2:30 Activity and learning centers

2:30 - 3:15 Outside play

3:15 - 3:30 Clean up, wash hands, school -age children return and PM complement children go home.

FOOD SERVICE

Typical Snack Menu

Monday	AM - Waffles/juice PM - Tuna fish on pita bread/ juice
Tuesday	AM - Bagels/juice PM - Grilled cheese sandwiches/juice
Wednesday	AM - Cereal / milk PM - Graham crackers/ juice
Thursday	AM - Crackers/peanut butter/ juice PM - Butterscotch pudding/ juice
Friday	AM - Fruit cup/milk PM - Oatmeal cookies/ juice

Children may bring their lunches from home. We have microwaves in each classroom to heat anything that needs to be heated. We also have a food service contract with Montgomery County Public Schools so that parents may purchase hot lunches from the school cafeteria on a daily basis if desired. Milk is always available.

SPECIAL PROGRAM FEATURES

Bright Eyes has grown greatly in the past nine years, since we first began operating at Thurgood Marshall Elementary School. We are always looking for ways to improve our program. We do this by sending parent evaluations home which specifically ask what we can do to improve our program and by asking the children what they are interested in.

In addition we participate in many training opportunities and subscribe to several professional magazines so that we can stay abreast of new and exciting activities to bring to our program. We also have adjusted our program to meet the needs of several teachers at TMES. It is very important to us to work hand in hand with the school.

We are very proud to have received accreditation from NAEYC two years ago and we just recently went through a re-verification visit that we passed with flying colors. We participated in the self-study program for two years and received accreditation on our first try. Our accreditation will be up for renewal in February 2003.

Our pre-school children participate in weekly gymnastic classes, presented by Life for Kids. We take many field trips, our school age children swim twice weekly during the summer. These opportunities are fully funded by Bright Eyes.

We have computers in the classrooms and offices and have software for children from age 2 - 12. We have Nintendo for our school age children - but we are very careful about the games they are allowed to use. Games that promote violence are not allowed.

We have presented Dramatic Arts workshops for our children. We have had visits from storytellers and magicians.

We have a Recreation Director who visits all of our programs year round. He provides sports and organizes competitions among the different Bright Eyes sites during the summer with the school age children. With the pre-school children he organizes games during the summer and during the school year he works with the children on computer skills. Again this is totally funded by Bright Eyes.

We encourage our children to participate in community service activities.

We are currently in the process of educating our staff on the Peacemaking Skills curriculum.. We firmly believe that children can make good choices in how to settle disputes if they are given the proper guidelines and procedure to handle situations. These peacemaking skills learned by our staff will enable them to help children handle conflicts in peaceful ways.

We feel that by continuing to learn and grow our program will become stronger.

DISCIPLINE POLICY

Children will be taught problem solving techniques and encouraged to use their voices in a calm manner to settle disputes. They will be taught the ABC's of the Peacemaking Curriculum.

A - Ask each party what happened

B - Brainstorm possible ways it could be handled

C- Reach a consensus of ways to handle this situation in the future that involve Compromise and Communication.

Children will be expected to use the ABC's to settle disputes. When children find that they are not able to do this they may be asked to remove themselves from the game or situation that is causing the conflict and if necessary to pursue a solitary activity; such as reading a book or drawing.

Parents will be kept informed of their child's behavior. If there is a continual problem a conference may be scheduled and a Behavior Modification Contract may be used.

If a child exhibits behavior that threatens the physical or mental health of any child or staff at Bright Eyes we may terminate the enrollment of the child. However, this is a last resort. Every effort will be made to work with the child and the parents to ensure a successful solution.

Staff are not to use physical force or to humiliate any child enrolled at Bright Eyes. Use of either of these two methods is grounds for immediate dismissal.

Staff members are given a copy of our discipline policy and asked to sign it upon employment. Parents are made aware of our discipline policy through our parent handbook and written information that is available in our office.

In addition, school age children develop a set of guidelines for appropriate behavior that is typed up and children and parents sign.

FIELD TRIPS AND COMMUNITY EXPLORATION

We know that children learn best from hands on experiences. This fact is what makes field trips an important part of our curriculum. Pre-school children are taken on field trips to places such as the pumpkin patch, dentist office, hospital tours, the fire station, the library, to a puppet show, Strathmore Hall, grocery store, Discovery Zone, Chuck E. Cheese, McDonald's, Pizza Hut, nursing home, park and many other places.

School age children go swimming in the summer, hiking, bowling, Putt-Putt, Strathmore Hall, Wheaton Regional Park, Chuck E. Cheese, McDonald's, Rainforest Cafes, arcade, tour a recycling plant, to Montgomery County Airpark, to the movies, or other places of interest.

Transportation for these trips is provided by the two vans and station wagon that Bright Eyes has purchased.

In addition to these trips we will take nature walks and walking trips in the neighborhoods around the school. Sometimes these trips will be to explore and look for certain items, sometimes it may be to collect trash, and sometimes it may just be for fun.

Field trips are planned to coincide with theme areas and to help children learn more about the neighborhoods where the children live.

EVALUATION PLAN

Bright Eyes believes that it is very important to have input from parents and outside evaluators. Our program has already been accredited by NAEYC and we will keep that accreditation current. In addition we will have our parents complete Parent Evaluation forms yearly and give us feedback through surveys, conferences and questionnaires at various times throughout the year. Parents are always invited to share their comments, concerns and suggestions.

Bright Eyes has a program Education Director, with a Master's Degree in Early Childhood Education, who visits our centers regularly to conduct classroom observations and talk with the center Directors regarding the quality of our programs. Both our Education Director and Executive Directors have been trained in the Early Childhood Environment Rating Scale. We believe that it is our duty to continually look at, evaluate and change our program so that the children and families of Bright Eyes are receiving the best care possible.

ATTACHMENT F

ATTACHMENT F

Attachment F is not applicable to Bright Eyes, Inc.

INSURANCE REQUIREMENTS

Bright Eyes currently is insured by Erie Insurance Group.

Our Workers Compensation policy number is Q92 2600214M.

The policy provides for \$100,000 each accident

\$500,000 policy limit

\$100,000 each employee

Our Commercial Liability policy is Q44 2650238M.

This policy provides for \$1,000,000 each occurrence and \$2,000,000 policy aggregate. This policy provides coverage for contractual liability, premise and operations and independent contractors. It is an Ultra Flex policy that is very comprehensive.

Our Automobile policy is Q03 1630190M7.

This policy provides for \$500,000 per person, \$1,000,000 each occurrence for Bodily Injury and for Property Damage it provides for \$500,000 per occurrence.

These policies currently list Montgomery County Government as an additional insured and copies of the policies are provided to Montgomery County Government, Division of Risk Management, 101 Monroe St., 15th Floor, Rockville, Md. 20850.

Our policies contain a 45 day cancellation clause and will be amended to show the following Certificate Holder:

Montgomery County, Maryland

Early Childhood Services DHHS/Leslie Hamm

7300 Calhoun Pl. Suite 700

Rockville, Md. 20855

Statement of Financial Responsibility

1. Is the applicant a subsidiary of or affiliated with any other organizations(s), corporation(s), or any other firm(s)?

YES [REDACTED]

NO [REDACTED]

If yes, list each such organization, corporation or firm by name and address; specify the applicant's relationship, and identify the officers, directors or trustees common to the applicant:

2. Describe the plan for financing the program, if funds for the leasing of the facility and operating the program will be obtained from sources other the applicant's funds.

[REDACTED]

[REDACTED]

3. List sources and amount of cash available to meet equity requirements of the proposed venture:

- a. in banks (include names, addresses, telephone numbers and amounts)

[REDACTED]

[REDACTED]

- b. by loans from affiliated or associated organization, corporation, or firms (include names, addresses, telephone numbers and amounts)

[REDACTED]

4. List the names and addresses of all bank references

[REDACTED]

[REDACTED]

5. Financial condition of applicant -- attach previous two years financial statements.

6. Bankruptcy:

Has the applicant or, if applicable, the parent corporation or any subsidiary or affiliated corporation of the applicant or said parent corporation, or other interested parties been adjudged bankrupt, either voluntarily or involuntarily, within the past ten years?

YES [REDACTED]

NO [REDACTED]

If yes, give date, place and under what name:

[REDACTED]

7. Personal Interest: Does any member of the governing body of Montgomery County, Maryland, or the Housing Opportunities Commission, to which the accompanying application is being made, or any officer or employee of the aforesaid County who exercises any functions or responsibilities in connection with the carrying out of the project under which the program covered by the applicant's proposal is being made available, have any direct or indirect personal interest in the applicant?

YES [REDACTED]

NO [REDACTED]

8. If the applicant wishes, additional statements can be attached as evidence of the applicant's qualifications and/or financial responsibility.

CERTIFICATIONI (We) Diana and Paul Holzberger

Certify that this applicant's Statement of Qualifications and Financial Responsibility and the attached information of the applicant's qualification and financial responsibility are true and correct.

I (We) also agree to comply with conditions stated in Montgomery County lease for child care spaced and that the scope of services as submitted in this completed application will be adhered to.

Diana Holzberger
Name
President
Title
25114 Viesta Ridge Rd
Address
Gaithersburg, Md. 20882
City, State and Zip
Diana Holzberger
Signature
March 12, 2002
Date

Paul Holzberger
Name
Vice-President
Title
25114 Vista Ridge Rd.
Address
Gaithersburg, Md. 20882
City, State and Zip
Paul E. Holzberger
Signature
March 12, 2002
Date

NOTIFICATION OF PROPRIETARY INFORMATION

Please use this form to identify any **financial information** included in your application for child care space at the Thurgood Marshall Elem. Child Care Facility which is not Public Information.

Name of Applicant Bright Eyes, Inc.

Paul and Diana Holzberger

Indicate specific pages or attachments which are proprietary financial information:

Pages 26, 27 and attached financial statement

Signature

Paul E. Holzberger Diana Holzberger

Date March 12, 2002

Please return this form with your application.

BRIGHT EYES, INC.
COMPILED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

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Lerche & Company, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

12929 McCubbin Lane
Germantown, MD 20874
Phone: 301/515-8114
Fax: 301/916-1056

To the Board of Directors
Bright Eyes, Inc.
Germantown, MD 20828

We have compiled the accompanying statement of assets, liabilities and equity-income tax basis of Bright Eyes, Inc. as of December 31, 2001 and 2000 and the related statements of revenue, expenses, and retained earnings-income tax basis, for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

We are not independent with respect to Bright Eyes, Inc.

Lerche & Company, P.A.
Germantown, Maryland
February 27, 2002

BRIGHT EYES, INC.
ASSETS, LIABILITIES, AND EQUITY-INCOME TAX BASIS
DECEMBER 31, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ [REDACTED]	\$ [REDACTED]
Prepaid income taxes	[REDACTED]	[REDACTED]
Total current assets	\$ [REDACTED]	\$ [REDACTED]
PROPERTY AND EQUIPMENT		
Equipment, furniture and vehicles	\$ [REDACTED]	\$ [REDACTED]
Less: Accumulated depreciation	([REDACTED])	([REDACTED])
Net property and equipment	\$ [REDACTED]	\$ [REDACTED]
TOTAL ASSETS	\$ [REDACTED] =====	\$ [REDACTED] =====
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Payroll taxes payable	\$ [REDACTED]	\$ [REDACTED]
Profit sharing plan payable	[REDACTED]	[REDACTED]
Accrued expenses	[REDACTED]	[REDACTED]
Current portion of long-term debt	[REDACTED]	[REDACTED]
Total current liabilities	\$ [REDACTED]	\$ [REDACTED]
LONG-TERM DEBT	\$ [REDACTED]	\$ [REDACTED]
TOTAL LIABILITIES	\$ [REDACTED]	\$ [REDACTED]
STOCKHOLDER'S EQUITY		
Common stock 1,000 shares, no par value, authorized; 200 shares issued and outstanding	\$ [REDACTED]	\$ [REDACTED]
Paid-in capital	[REDACTED]	[REDACTED]
Retained earnings	[REDACTED]	[REDACTED]
Total stockholder's equity	[REDACTED]	[REDACTED]
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ [REDACTED] =====	\$ [REDACTED] =====

See accountant's compilation report.

BRIGHT EYES, INC.
STATEMENT OF REVENUE, EXPENSES, AND
RETAINED EARNINGS-INCOME TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
INCOME	[REDACTED]	[REDACTED]
EXPENSES		
Advertising	\$ [REDACTED]	\$ [REDACTED]
Automobile expense	[REDACTED]	[REDACTED]
Bank charges	[REDACTED]	[REDACTED]
Books and movies	[REDACTED]	[REDACTED]
Charitable contributions	[REDACTED]	[REDACTED]
Depreciation	[REDACTED]	[REDACTED]
Dues and subscriptions	[REDACTED]	[REDACTED]
Education expense	[REDACTED]	[REDACTED]
Educational material, supplies and trips	[REDACTED]	[REDACTED]
Food	[REDACTED]	[REDACTED]
Gifts	[REDACTED]	[REDACTED]
Insurance	[REDACTED]	[REDACTED]
Interest	[REDACTED]	[REDACTED]
Legal and accounting	[REDACTED]	[REDACTED]
Office supplies and expense	[REDACTED]	[REDACTED]
Outside services	[REDACTED]	[REDACTED]
Rent	[REDACTED]	[REDACTED]
Retirement plan contribution	[REDACTED]	[REDACTED]
Retirement plan administration	[REDACTED]	[REDACTED]
Repairs and maintenance	[REDACTED]	[REDACTED]
Salaries	[REDACTED]	[REDACTED]
Taxes - income	[REDACTED]	[REDACTED]
Taxes - payroll	[REDACTED]	[REDACTED]
Taxes - other	[REDACTED]	[REDACTED]
Telephone	[REDACTED]	[REDACTED]
Travel and entertainment	[REDACTED]	[REDACTED]
Workshops	[REDACTED]	[REDACTED]
Total expenses	[REDACTED]	[REDACTED]
NET REVENUE OR (LOSS)	\$ ([REDACTED])	\$ [REDACTED]
RETAINED EARNINGS - BEGINNING	[REDACTED]	[REDACTED]
RETAINED EARNINGS - ENDING	\$ [REDACTED]	\$ [REDACTED]
	=====	=====

See accountant's compilation report.

BRIGHT EYES, INC.

DECEMBER 31, 2001 AND 2000

NOTE A - INCOME TAX BASIS OF ACCOUNTING

The corporation's policy is to prepare its financial statements on the income tax basis of accounting; consequently, capital assets are expensed under the Modified Accelerated Cost Recovery System in the year of purchase. Such assets would, under generally accepted accounting principles, be capitalized and depreciated over their useful lives.

NOTE B - NATURE OF OPERATIONS

The corporation maintains four daycare facilities located in separate facilities leased from Montgomery County. The centers offer a full range of childcare services.

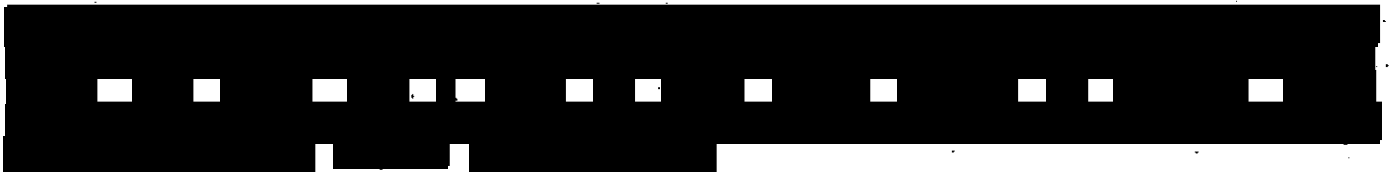
NOTE C - PROPERTY AND EQUIPMENT.

Property and equipment are summarized by major classifications as follows:

	2001	2000
Furniture and Equipment	\$ [REDACTED]	\$ [REDACTED]
Program Toys	[REDACTED]	[REDACTED]
Vehicles	[REDACTED]	[REDACTED]
Less accumulated depreciation	([REDACTED])	([REDACTED])
	\$ [REDACTED]	\$ [REDACTED]

Program Toys are capitalized in the year of start-up and replacements and subsequent purchases are expensed in the year of purchase under educational materials and supplies.

NOTE D - LEASING ARRANGEMENTS



NOTE E - LONG-TERM NOTES PAYABLE

	2001	2000
[REDACTED]	\$ [REDACTED]	\$ [REDACTED]
[REDACTED]	\$ [REDACTED]	\$ [REDACTED]
[REDACTED]	\$ [REDACTED]	\$ [REDACTED]

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2002	\$ [REDACTED]
2003	[REDACTED]
2004	[REDACTED]

	\$ [REDACTED]

**"Procedure for Implementing the Revised Policy
for Waivers of Capital Cost Fee"**

In the February 1991 Fee Structure and Debt Service Report certain specific provisions for waiver of capital cost recovery fee were recommended for inclusion in the County policy for Rental Rates for Child Care. These recommendations were approved in April 1991.

Centers which meet any of the following criteria for waiver may apply in writing for waiver of the capital cost fee. The waiver which shall apply to the entire facility. Waiver application must be submitted at annual lease renewal.

- 1) The Center shall enroll and provide care to families eligible for or enrolled in Child Care tuition subsidy programs (D.S.S. Purchase of Care and/or Working Parents Assistance Program); Families receiving subsidy shall comprise at least 30% of licensed capacity; the provider shall accept as full tuition payment the face value of vouchers issued by the DSS Purchase of Care Program. Written verification of meeting this requirement shall be required.
- 2) The provider will serve Infants and Toddlers in Child Care, as defined by the State of Maryland Child Care licensing regulations for Group Child Care; the children served will be in space administered, operated or funded by Montgomery County Government, specifically for Infant Care and/or required by tenant selection for that specific center.

Other sites which may choose to offer care to infants are not automatically granted waiver, but will be considered on a case by case basis. Determination of waiver application will be made jointly by DFS and DFR based on demonstrated community need.

- 3) The provider will serve children with handicapping conditions. Waiver will be considered on a case by case basis for sites which meet the following criteria:
- child or children must be designated as child with handicapping conditions by physician or authorized agency.
 - an approved plan for special need care must be on file with Child Care Administration
 - provider must document that enrollment of the child(ren) causes substantial additional cost to the program (additional staff, space modification, specialized equipment) and that this cost has ongoing impact to financial viability of program.
- 4) Annual certification with documentation shall be required. Waivers will be forfeited by programs which provide incomplete or inaccurate information. If determined by DFS and DFR that waivers were not legitimate for a lease year, the capital cost fee for that year may be applied to the following lease year.
- 5) Centers may apply for consideration of waiver if #1 and #4 partially apply. DFS may wave all or a portion of capital cost fee if cost to program is equal to or greater than capital cost fee.

APPLICATION FOR WAIVER OF CAPITAL COST RECOVERY FEE

Indicate which waiver provision(s) your program is applying for

1. 30% Voucher Service
2. Infant Care
3. Special Needs Care

Indicate time period (this should match your annual lease term)

Start date _____

End date _____

Explain how your program meets the provisions of the waiver policy and present and present documentation for verification by County Government. (you may use additional pages as necessary).

I (we) certify that this Waiver Application and any attached documentation are true and correct to the best of my (our) knowledge and belief:

Name

Name

Title

Title

Address

Address

City, State and Zip

City, State and Zip

Signature

Signature

Date

Date

12260 McDonald Chapel

Bright Eyes

[illegible]